

Finland

1. Finland is almost certain to maintain its position of neutrality in the East-West conflict, and to avoid taking any action that could be interpreted as assistance to the West.

At the same time

~~On the other hand,~~ it is unlikely that ~~the Finnish attitude~~

~~could be induced to become more pro-Soviet by any Soviet ap-~~

Soviet

parent absence of/aggressivenessx could make Finland pro-Soviet.

This para. does not appear to reflect adequately the increase in Finland's economic orientation toward the Soviet Bloc. Perhaps the matter could be rectified by changing tense, i.e., "Finland is being economically oriented toward..USSR"

2. There is, however, serious danger that Finland may

significant portion of

this year's food products will

go USSR & Communist China

become economically oriented to the USSR by a gradual process not necessarily involving any definite change in Finnish policy. If Western markets for Finnish wood products were to diminish

over a period, the USSR would almost certainly become a major

After

market for these. ~~In addition, as~~ reparations deliveries to were completed, it was necessary to find outlets for the USSR taper-off, the industrial capacity constructed for

this purpose ~~must find outlets~~. This is particularly true of

the shipbuilding and metals industries, and in the case of the

latter any reduction in activity would have the additional

result of leading to strong internal Communist gains among the

already heavily Communist metal working unions. Historically,

Soviet trade with Finland has been low, and there are few Soviet

products needed in Finland. Thus, the above pressures might not

Finland, however, can re-export to West such Soviet products as wheat and petroleum.

Believe reparations were completed in Sep 52

Is all this necessary?

SECRET

~~SECRET~~

Finland

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~~On the other hand,~~ it is unlikely that the Finnish attitude ~~could be induced to become more pro-Soviet by any Soviet ap-~~
parent absence of ^{Soviet} aggressiveness *would make Finland pro-Soviet*

2. There is, however, serious danger that Finland may become economically oriented to the ^{Soviet bloc} USSR by a gradual process not necessarily involving any definite change in Finnish policy. If Western markets for Finnish wood products were to diminish over a period, the USSR would almost certainly become a major market for these. In addition, as reparations deliveries to the USSR taper off, the industrial capacity constructed for this purpose must find outlets. This is particularly true of the shipbuilding and metals industries, and in the case of the latter any reduction in activity would have the additional result of leading to strong internal Communist gains among the already heavily Communist metal working unions. Historically, Soviet trade with Finland has been low, and there are few Soviet products needed in Finland. Thus, the above pressures might not

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State

4.

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Finland

See Memo

1. Finland is almost certain to maintain its position of neutrality in the East-West conflict, and to avoid taking any action that could be interpreted as assistance to the West. On the other hand, it is unlikely that the Finnish attitude could be induced to become more pro-Soviet by any Soviet apparent absence of aggressiveness.

2. There is, however, serious danger that Finland may become economically oriented to the USSR by a gradual process not necessarily involving any definite change in Finnish policy. If Western markets for Finnish wood products were to diminish over a period, the USSR would almost certainly become a major market for these. (In addition, as reparations deliveries to the USSR taper off, the industrial capacity constructed for this purpose must find outlets. This is particularly true of the shipbuilding and metals industries, and in the case of the latter any reduction in activity would have the additional result of leading to strong internal Communist gains among the already heavily Communist metal working unions. Historically, Soviet trade with Finland has been low, and there are few Soviet products needed in Finland. Thus, the above pressures might not

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I suggest that the portion of paragraph 2 enclosed in parentheses be reworked as follows: "Furthermore, in case of the shipbuilding and metal industries, which with the cessation of reparation deliveries now have their principal commercial markets in the USSR, any reduction in activity would have the result of leading to strong internal Communist gains in the metal unions, dominated at present by a slight Social Democratic majority. Historically, however, Soviet trade with Finland has been low, and further expansion of trade is limited by the capacity of the Finnish metals and shipbuilding industries, and by the limited ability of Finland to consume raw materials and products of Soviet origin. Thus the above pressures might not cause trade with the Soviet Bloc [N.B.] to become more than 25 percent of total Finnish foreign trade."

~~Paragraph 3, line 3 from bottom: "there is no likelihood of an official anti-Communist program."~~ *[Change made]*

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5.

cause trade with the USSR to become more than 25 percent of total Finnish foreign trade. But even such an increase could have serious consequences in creating a dependence upon the USSR. And in the specific field of strategic materials, Finland might well become an important supplier of much-needed tankers to the USSR.

3. Internally, the Finnish Communist Party has adopted a "Popular Front" line (in nearly the true sense), but its chances of entering the government still appear small. All major parties are likely to remain opposed to Communist participation, although there is little likelihood of an official anti-Communist program. The main area of potential Communist gains is likely to be in the unions.

*Some leaders
not hostile -
Part - and - pl
as hostile -*

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Chk

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5.

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cause trade with the USSR ^{may} (to) become more than 25 percent of total Finnish foreign trade. But even such an increase could have serious consequences in creating a dependence upon the USSR. And in the specific field of strategic materials, Finland might well become an important supplier of much-needed tankers to the USSR.

may be that Finland has substantial trade-clearing credits with Soviet Bloc & deficits with almost all Western trading partners

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~~SECRET~~